

## **INSTRUCTIONS FOR FINANCIAL TEST FOR CLOSURE AND POSTCLOSURE**

- [a] A letter from the chief financial officer, as specified in California Code of Regulations [Cal. Code of Regs.], Title 22, Division 4.5, Chapter 14 and 15, Article 8, shall be on corporate letterhead stationary. It shall contain the original signature of the chief financial officer and shall be worded as indicated on the attached proforma Form DTSC 1159 [05/95][Formerly DHS 8105]; and
- [b] A copy of an independent certified public accountant's report on examination of the Owner's or Operator's financial statements for the latest completed fiscal year ; and
- [c] A special report from the owner's or operator's independent certified public accountant to the owner or operator stating that:
  - [1] The independent certified public accountant has compared the data in the letter from the chief financial officer with the amounts in the independently audited year-end financial statements for the latest fiscal year; and
  - [2] In connection with that procedure, no matters came to the independent certified public accountant's attention which caused him or her to believe that the specified data should be adjusted; and
- [d] A completed financial test using Alternative I or Alternative II; and
- [e] A copy of the owner or operator's most recent Form 10-K filed with the Securities and Exchange Commission if the owner or operator is required to make such a filing; and
- [f] The guarantee with wording as specified in form DTSC 1173 by the Department of Toxic Substances Control [if applicable].

### **PRIVACY STATEMENT**

This information is requested by the Department of Toxic Substances Control, under Health and Safety Code, Section 25245, in order to verify adequate financial assurance of hazardous waste facilities/TTUs. Completion of the form is mandatory. The consequence of not completing the form is denial of a permit to operate a hazardous waste facility/TTU. Information may be provided to U.S. Environmental Protection Agency, State Attorney General, Air Resources Board, California Integrated Waste Management Board, Energy Resources Conservation and Development Commission, Water Resources Control Board, and California Regional Water Quality Control Boards. For more information or access to your records, contact the Department of Toxic Substances Control, 8800 Cal Center Drive, Sacramento, California 95826, (916) 255-3545.

[A financial test mechanism, as specified in 66264.143[f], 66264.145[f], 66265.143[e], and 66265.145[e] of Cal. Code of Regs., Title 22, Division 4.5, Chapter 14 and 15, Article 8 shall be worded as follows, except that instruction in brackets are to be replaced with the relevant information and the brackets deleted].

Department of Toxic Substances Control  
Financial Responsibility Unit  
8800 Cal Center Drive  
Sacramento, California 95826

I am the chief financial officer of [insert name and address of firm]\_\_\_\_\_ in support of this firm's use of the Financial Test to demonstrate financial assurance for closure and/or post-closure costs, as specified in Cal. Code of Regs. (Cal. Code of Regs.), Title 22, Division 4.5, Chapter 14 and 15, Article 8.

**[Fill out the following paragraphs regarding facilities/transportable treatment units [TTUs] and associated cost estimates. If your firm has no facilities/TTUs that belong in a particular paragraph, write "None". For each facility/TTU, include its hazardous waste facility/TTU identification number, name, address and current closure and/or post-closure cost estimates. Identify each cost estimate separately as to whether it is for closure or postclosure care.]**

1. This firm is the owner or operator of the following facilities/TTU for which financial assurance for closure or post-closure care is demonstrated through the financial test as specified in Sections 66264.143[f], 66264.145[f], 66265.143[e], and 66265.145[e] of Cal. Code of Regs., Title 22, Division 4.5, Chapter 14 and 15, Article 8. The current closure and/or post-closure cost estimates covered by the test are shown for each facility/TTU:
2. This firm guarantees through the guarantee as specified in Sections 66264.143[f], 66264.145[f], 66265.143[e], and 66265.145[e] of Cal. Code of Regs., Division 4.5, Chapter 14 and 15, Article 8, the closure and/or post-closure care of the following facilities/TTUs owned or operated by the guaranteed party. The current cost estimates for the closure or post-closure care so guaranteed are shown for each facility/TTU:
3. The firm identified above is [insert one or more: [1] the direct or higher tier parent corporation of the owner or operator; [2] owned by the same parent corporation as the parent corporation of the owner or operator, and receiving the following value in consideration of this guarantee [insert dollars]\_\_\_\_\_; or [3] engaged in the following substantial business relationship with the owner or operator [insert business relationship], and receiving the following value in consideration of the guarantee [insert dollars]\_\_\_\_\_. [Attach a written description of the business relationship or a copy of the contract establishing such relationship to this letter.]
4. In states where the U.S. Environmental Protection Agency is not administering the financial requirements of Subpart H, Title 40 CFR, Parts 264 and 265, this firm, as owner or operator or guarantor, is demonstrating financial assurance for the closure or post-closure care of the following facilities/TTUs through the use of a test equivalent or substantially equivalent to the financial test specified in Sections 66264.143[f], 66264.145[f], 66265.143[f], and 66265.145[f] of Cal. Code of Regs., Title 22, Division 4.5, Chapter 14 and 15, Article 8. The current closure and/or post-closure cost estimates covered by such a test are shown for each facility/TTU:

5. This firm is the owner or operator of the following facilities/TTUs for which financial assurance for closure or, if a disposal facility, post-closure care, is *not* demonstrated either to U.S. Environmental Protection Agency or a State through the financial test or any other financial assurance mechanism as specified in California Code of Regulations, Title 22, Division 4.5, Chapter 14 and 15, Article 8 or equivalent or substantially equivalent State mechanisms. The current closure and/or post-closure cost estimates not covered by such financial assurance are shown for each facility/TTU:
6. This firm is the owner or operator of the following Underground Injection Control facilities for which financial assurance for plugging and abandonment is required under 40 CFR Part 144. The current closure cost estimates are shown for each facility.

This firm [insert "is" or "is not"] required to file a Form 10-K with the Securities and Exchange Commission [SEC] for the latest fiscal year.

This fiscal year of this firm ends on [insert month, day]. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements for the latest completed fiscal year, ended [insert month, day and year].

This firm is using [insert "Alternative I" or "Alternative II"]\_\_\_\_\_.

**[Fill in Alternative I if the criteria of paragraph [f][1][A] of 66264.143 and 66264.145, or of paragraph [e][1][A] of 66265.143 and 66265.145 of this chapter are used. Fill in Alternative II of the criteria of paragraph [f][1][B] of 66264.143 and 66265.145, or of paragraph [e][1][B] of 66265.143 and 66265.145 of this chapter are used.]**

**ALTERNATIVE I**

1. Sum of current closure and post-closure cost estimates [Total of all cost estimates shown in the paragraphs of the letter to the Director of the Department of Toxic Substances Control]..... \$ \_\_\_\_\_
- \*2. Total liabilities [if any portion of the closure or post-closure cost estimates is included in total liabilities, you may deduct the amount of that portion from this line and add that amount to lines 3 and 4]..... \$ \_\_\_\_\_
- \*3. Tangible net worth..... \$ \_\_\_\_\_
- \*4. Net worth..... \$ \_\_\_\_\_
- \*5. Current assets..... \$ \_\_\_\_\_
- \*6. Current liabilities..... \$ \_\_\_\_\_
7. Net working capital [line 5 minus line 6]..... \$ \_\_\_\_\_
- \*8. The sum of net income plus depreciation, depletion, and amortization..... \$ \_\_\_\_\_
- \*9. Total assets in the United States [required only if less than 90 percent of firm's assets are located in the United States]..... \$ \_\_\_\_\_
10. Is line 3 at least \$10 million?..... ☐ Yes ☐ No
11. Is line 3 at least 6 times line 1?..... ☐ Yes ☐ No
12. Is line 7 at least 6 times line 1?..... ☐ Yes ☐ No
- \*13. Are at least 90 percent of the firm's assets located in the United States? If not, complete line 14. .... ☐ Yes ☐ No
14. Is line 9 at least 6 times line 1?..... ☐ Yes ☐ No
15. Is line 2 divided by line 4 less than 2.0?..... ☐ Yes ☐ No
16. Is line 8 divided by line 2 greater than 0.1?..... ☐ Yes ☐ No
17. Is line 5 divided by line 6 greater than 1.5?..... ☐ Yes ☐ No

*I hereby certify that this letter is worded as specified by the Department of Toxic Substances Control and is being executed in accordance with the requirements of Cal. Code of Regs., Title 22, Division 4.5, Chapter 14 and 15, Article 8.*

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**Signature**

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**Typed or Printed Name**

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**Title**

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**Date****[Corporate Seal]**

**ALTERNATIVE II**

1. Sum of current closure and post-closure cost estimates [Total of all cost estimates shown in the paragraphs of the letter to the Director of the Department of Toxic Substances Control]..... \$ \_\_\_\_\_
2. Current bond rating or most recent issuance of this and name of Rating service..... \$ \_\_\_\_\_
3. Date of issuance of bond..... \$ \_\_\_\_\_
4. Date of maturity of bond..... \$ \_\_\_\_\_
- \*5. Tangible net worth [if any portion of the closure and post-closure cost estimates is included in "total liabilities" on your firm's financial statements, you may add the amount of that portion to this line.]..... \$ \_\_\_\_\_
- \*6. Total assets in the United States [required only if less than 90 percent of firm's assets are located in the United States]..... \$ \_\_\_\_\_
7. Is line 5 at least \$10 million?..... ☐ Yes ☐ No
8. Is line 5 at least 6 times line 1?..... ☐ Yes ☐ No
- \*9. Are at least 90 percent of the firm's assets located in the United States? If not, complete line 10 ..... ☐ Yes ☐ No
10. Is line 6 at least 6 times line 1?..... ☐ Yes ☐ No

*I hereby certify that this letter is worded as specified by the Department of Toxic Substances Control and is being executed in accordance with the requirements of Cal. Code of Regs., Title 22, Division 4.5, Chapter 14 and 15, Article 8.*

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Signature

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Typed or Printed Name

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Title

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Date

[Corporate Seal]